

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 AID-05 CIAE-00 INR-07
NSAE-00 OMB-01 TRSE-00 /044 W
-----051187 251303Z /53

P R 251232Z AUG 77
FM AMEMBASSY NEW DELHI
TO USDOC WASHDC P
SB ITY
INFO SECSTATE WASHDC 5619
AMEMBASSY VIENNA
AMCONSUL BOMBAY POUCH
AMCONSUL CALCUTTA POUCH
AMCONSUL MADRAS POUCH

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E.O. 11652: DECLASSIFY UPON ARRIVAL
TAGS: BEXP, EMIN, IN, EQUIP, EINV, UNIDO
SUBJECT: MAJOR PROJECTS: ORISSA SPONGE IRON PLANT

1. TORSTEEL REPS CALLED ON EMBASSY'S RESOURCES ATTACHE TO REAFFIRM THEIR INTEREST IN REACHING AN AGREEMENT WITH ALLIS CHALMERS (AC) FOR SETTING UP A 150,000 METRIC TON (MT) SPONGE IRON PLANT IN ORISSA. TORSTEEL HAS REVIEWED AC'S PROPOSAL SUBMITTED EARLIER FOR THIS PROJECT AND WOULD VERY MUCH LIKE TO FINALIZE AN AGREEMENT WITH AC THAT WOULD MOVE THIS PROJECT FORWARD.
2. TORSTEEL HAS INFORMED EMBASSY OF ITS WILLINGNESS TO ACCEPT AC'S PAST TEST RUNS OF INDIAN COAL AND IRON ORE AND EVEN TO VISIT MILWAUKEE TO WORK OUT A CONTRACT IF THIS WOULD EXPEDITE MATTERS.
3. THE ORISSA STATE GOVERNMENT HAS ALREADY BEEN ISSUED A LETTER OF INTENT BY THE GOI TO GRANT AN INDUSTRIAL LICENSE

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FOR THIS PLANT. TORSTEEL IS CONFIDENT OF THE GOVERNMENT'S APPROVAL ONCE THEY HAVE A FIRM CONTRACT IN HAND. FINANCES ARE NOT CONSIDERED TO BE A CONSTRAINT IN VIEW OF THE ORISSA STATE GOVERNMENT'S AGREED CAPITAL PARTICIPATION, THE GOI'S DRIVE TO BOOST INDUSTRIAL DEVELOPMENT IN THE EASTERN REGION, PARTICULARLY MINERAL-BASED PROJECTS, AND INDIA'S COMFORTABLE FOREIGN EXCHANGE POSITION. ESTIMATED COST OF THE PROJECT IS

PLACED AT RS. 220 MILLION OR ROUGHLY \$25 MILLION.

4. BY THE END OF AUGUST, TORSTEEL IS TO SUBMIT A LETTER TO JOINT SECRETARY DANG, MINISTRY OF STEEL AND MINES, OUTLINING THEIR PROJECT. THE MINISTRY IS TO REPLY BY SEPTEMBER 10TH STATING THAT THE GOI IN PRINCIPLE WOULD APPROVE TORSTEEL'S PROPOSAL FOR A COLLABORATION WITH AC, PROVIDED TORSTEEL REACHES AN AGREEMENT WITH AC ACCEPTABLE TO THE GOI. IN THIS REGARD, TORSTEEL ANTICIPATES NO PROBLEM SINCE THE PROJECT IS IN THE PRIVATE SECTOR.

5. RESATT HAS ALSO BEEN ADVISED BY DANG THAT THE GOI'S DECISION ON THE UNIDO SPONGE IRON DEMONSTRATION PLANT FOR ANDHRA PRADESH, LIKELY TO BE ANNOUNCED NEXT WEEK, HAS NO BEARING ON THE ORISSA PROJECT. DANG CONSIDERED TORSTEEL'S PROJECT TO BE FINANCIALLY SOUND WITH A GOOD RAW MATERIAL BASE.

6. WHILE AC HAS BEEN KEEN ON SECURING THE ANDHRA PRADESH PROJECT, TORSTEEL'S PROJECT WOULD APPEAR TO HAVE CERTAIN ADVANTAGES NO MATTER WHICH COMPANY WAS AWARDED THE AP PROJECT. BEING IN THE PRIVATE SECTOR, THE ORISSA PROJECT COULD BECOME THE FIRST COMMERCIALY VIABLE PLANT IN INDIA. THERE IS ALSO A GOOD CHANCE THAT THIS PLANT WOULD BE ON STREAM BEFORE THE ONE IN ANDHRA PRADESH. IT ALSO PROVES THAT THE PROCESS SELECTED FOR THE DEMONSTRATION PLANT WOULD NOT NECES-
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SARILY ESTABLISH THE TREND FOR FUTURE PLANTS IN INDIA.

7. WITH REGARD TO THE ANDHRA PRADESH DEMONSTRATION PLANT, WE HAVE BEEN TOLD THAT LURGI HAS BEEN ASKED TO EXTEND THEIR OFFER 15 DAYS AND TO KEEP THE PRICE FIRM. REPORTEDLY, THE COMMITTEE IS TO MEET ON AUGUST 27 AND PASS THEIR RECOMMENDATION TO MINISTER PATNAIK FOR CLEARANCE. FROM THE MINISTER, THE RECOMMENDATION IS TO GO TO THE SUB-CABINET COMMITTEE AND THEN TO THE CABINET. THERE IS ALSO SOME TALK OF LURGI BEING ISSUED A LETTER OF INTENT BY THE END OF AUGUST.

8. EMBASSY WOULD APPRECIATE USDOC PASSING THIS INFORMATION TO DR. CHARLES ARMITAGE, GENERAL MANAGER, REDUCTION SYSTEMS DIVISION, ALLIS CHALMERS, MILWAUKEE AND TO ROBERT LEROY, ALSO WITH AC.
GOHEEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IRON, SPONGES, INDUSTRIAL PLANTS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE11986
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770307-0460
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770824/aaaaatnf.tel
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Litigation Codes:
Litigation History:
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Review Date: 19-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1487509
Secure: OPEN
Status: NATIVE
Subject: MAJOR PROJECTS: ORISSA SPONGE IRON PLANT
TAGS: BEXP, EMIN, EQIP, EINV, IN, UNIDO
To: COM SB ITY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/fa627053-c288-dd11-92da-001cc4696bcc
Review Markings:
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